Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

SECRET

PAGE 01 STATE 248395 TOSEC 160020

44
ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

66602
DRAFTED BY: SSS/S-9:MTANNER
APPROVED BQ: S/S-9:MTANNER
---------- 037240
O 181150Z OCT 75 ZFF4
FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 248395 TOSEC 160020

NODIS

FOLLOWING REPEAT MOSCOW 14958, SENT SECSTATE OCTOBER 18:

QUOTE S E C R E T MOSCOW 14958

NODIS

FROM UNDER SECRETARY ROBINSON, PLEASE PASS SECRETARY

E.O. 11652: GDS
TAGS: ETRD, EEWT, UR, US
SUBJECT: GRAIN/OIL NEGOTIATIONS

REFS: A) STATE 248235; B) MOSCOW 14954; C) STATE 245190;
D) STATE 244346; E) PARIS 26555

1. I HAVE RECEIVED YOUR FURTHER INSTRUCTIONS REFTEL A AND AM PROCEEDING ACCORDINGLY. WE HAVE PRESENTED TO PATOLICHEV FOR HIS CONSIDERATION IN ADVANCE REVISED WORDING OF PARA 6 OF THE OIL LETTER OF INTENT REFTEL A PARA 5. WE ARE NOW SCHEDULED TO MEET WITH PATOLICHEV AT 1 PM TODAY SATURDAY OCT 18 IN AN EFFORT TO RESOLVE THIS AND ALL OTHER REMAINING ISSUED IN ACCORDANCE WITH YOUR INSTRUCTIONU.

SECRET

SECRET

PAGE 02 STATE 248395 TOSEC 160020

2. WE HAVE SLOWED DOWN TIME-TALE IN ACCORDANCE REFTEL A PARA 1

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

ALTHOUGH STILL ENDEAVORING CONCLUDE ALL AGREEMENTS BY TONIGHT SATURDAY OCT 18. OUR SCHEDULE PROPOSED REFTEL B WAS BASED ON INSTRUCTIONS CONTAINED REFTEL C PARA 9, WHICH CALLED FOR ACHIEVEMENT SATISFACTORY AGREEMENT WITHIN 2 OR 3 DAYS. WE NOW IN THIRD DAY AND IF UNABLE REACH AGREEMENT TODAY ANTICIPATE NO FURTHER PROGRESS ON SUNDAY, WITH FINAL RESULUTION ON MONDAY EARLIEST. APPRECIATE YOUR CONCERN RE INCONVENIENCE TO ME BUT THIS IRRELEVANT. IF UNABLE CONCLUDE NEGOTIATIONS TONIGHT I WILL CABLE TUNIS REGRETTING MY INABILITY HEAD US DELEGATION US - TUNISIA JOINT COMMISSION MEETINGS.

3. REFTEL A PARA 2 NOW PROVIDES US WITH CLEAR UNDERSTANDING OF PRESIDENT FORD'S OBJECTIVES IN STATEMENT TO ACCOMPANY LIFTING OF MORATORIUM. WE WILL ATTEMPT OBTAIN SOVIET ACCEPTANCE OF FORMULATION SUGGESTED REFTEL C. HOWEVER, AS WE ANTICIPATE CONTINUING SOVIET RESISTANCE TO BEING CAST IN THE ROLE OF PETITIONER, COULD WASHINGTON ACCEPT A FALLBACK FORMULATION FOR THE PRESIDENT'S STATEMENT AS FOLLOWS: "THE SOVIETS HAVE ASSURED US THAT THEIR ADFITIONAL PURCHASES OF US GRAIN FOR THE CURRENT YEAR WILL NOT BE IN A VOLUME WHICH COULD DISRUPT THE US MARKET. THEY FURTHER UNDSRSTAND THAT WE WOULD CONSIDER UP TO 7 MILLION TONS AS NONDISRUPTIVE UNDER CURRENT CONDITIONS ARE ARE PREPARED TO CONSULT WITH REGARD TO ANY POSSIBLE REQUIREMENTS BEYOND THIS LEVEL." PLEASE ADVISE SOONEST IF FORMULATION ALONG THESE LINES ACCEPTABLE.

4. WE HAVE ALREADY PRESENTED THE SOVIETS WITH THE PROPOSED TEXT FOR REVISION OF PARA 6 OF THE OIL LETTER OF INTENT AS INSTRUCTED REFTEL A. WE WILL MAKE EVERY EKFORT TO OBTAIN THEIR APPROVAL ON THIS BASIS. HOWEVER, IN EXPLANATION FOR THE FORMULATION OUTLINED REFTEL B PARA 5 I HAVE THE FOLLOWING COMMENTS:

A. WE INTERPRET "ON THE BASIS OF WORLD PRICES" AS A PRACTICAL MATTER IDENTICAL WITH THE SUGGESTION REFTEL D PARA 3 THAT THE PRICES BE "COMPETITIVE" IN THE "MARKET" WITH "OTHER WORLD SOURCES". THE SUGGESTED PROVISION THAT SUCH PRICEU WOULD BE ESTABLISHED "TAKING INTO ACCOUNT" THE "TRANSPORTATION CONDITIONS" BRINGS THIS INTO LINE WITH YOUR DESIRE TO ASSURE COMPETITIVE PRICING IN THE U.S. THIS IS REINFORCED BY THE PROVISION IN CLAUSE 4 OF THE OIL LETTER OF INTENT WHICH ESTABLISHED OUR MUTUAL AGREEMENT TO DELIVER SOVIET OIL TO THE US.
SECRET

SECRET

B. THE TACTICAL PLAN FOR OIL AGREEMENT NEGOTIATIONS PROPOSED REFTEL E AND GENERALLY CONFIRMED REFTEL C PARA 9 CALLS FOR ESTABLISHING A BASE SAUDI OIL PRICE FROM WHICH A REDUCTION WOULD BE DETERMINED FOR SOVIET OIL BASED ON THE DIFFERENCE BETWEEN THE HIGHER US-USSR TRANSPORT COST AND THE PG-US TRANSPORT COST. IT WAS MY VIEW THAT THE FORMULA PROPOSED REFTEL B PARA 5 PUT US IN A STRONGER POSITION IF WE WERE TO PROCEED ON THIS BASIS.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

C. WITH REGARD TO THE REFERENCE TO PRICES WHICH "WILL BE ESTABLISHED IN CONTRACTS" WE APPRECIATE YOUR CONCERN AS IT RELATES TO POSSIBLE PURCHASES BY THE USG. HOWEVER, WE ARE CONCLUDING AN OIL PURCHASE OPTION WHICH IMPLIES SEPARATE CONTRACTS FOR QUANTITIES WHICH THE USG MAY FROM TIME-TO-TIME ELECT TO PURCHASE. SUCH PURCHASE "CONTRACTS" WOULD PROVIDE FOR SPECIFIC PRODUCTS, QUANTITIES, LOADING SCHEDULE, ETC., WITH PRICE AS ESTABLISHED IN THE OPTION AGREEMENT. IN ANY EVENT WE WILL PROCEED IN ACCORDANCE INSTRUCTIONS REFTEL A PARA 4.

5. WE INTEND TO HOLD FIRM ON THE REVISED CLAUSE 6 OF THE OIL LETTER OF INTENT AS INSTRUCTED REFTEL A RECOGNIZING THIS MAY DELAY RESOLUTION THIS ISSUE; HOWEVER, IF NO PROGRESS ACHIE ED BY MONDAY MORNING MOSCOW TIME OCTOBER 20 REQUEST AUTHORIZATION RETURN TO ORIGINAL FORMULATION FOR CLAUSE 6 OF OIL LETTER OF INTENT AGREED WITH SOVIETS AND PREVIOUULY PROPOSED TO WASHINGTON (MOSCOW 14241). THIS WOULD REAJ AS FOLLOWS: "PRICES FOR CRUJE OIL AND PETROLEUM PRODUCTS WILL BE MUTUALLY AGREED AT A LEVEL WHICH WILL ASSURE THE INTERESTS OF BOTH THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS."

1. WE WILL INSIST UPON AN ORAL AGREEMENT ON LOCUS OF OIL CONTRACT NEGOTIATIONS AND COMMENCEMENT OCTOBER 1975 AS INSTRUCTED REFTEL A PARA 6. WE SHOULD UNDERSTAND HOWEVER THAT THE KEY TRANSPOR-TATION ELEMENT OF THE OIL AGREEMENT COULD COME UP FOR DISCUSSION SOON AFTER RESUMPTION OF MARITIME AGREEMENT NEGOTIATIONS NOW SCHEDULED COMMENCE WASHINGTON OCTOBER 22. ANY NEGOTIATIONS ON TRANSPORT AND/OR OTHER ELEMENTS OF THE OIL AGREEMENT SHOULD AWAIT ESTABLISHMENT OF AN OVERALL INTEGRATED TACTICAL PLAN TO ASSURE OPTIMAL RESULTS. I WOULD HOPE THAT THIS COULD AWAIT MY RETURN TO WASHINGTON NOW SCHEDULED OCTOBER 24. STOESSEL UNQUOTE.

SECRET

SECRET

INGERSOLL

SECRET

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, AGREEMENT DRAFT, CAT-C, NEGOTIATIONS, GRAINS, TRADE AGREEMENTS, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE248395
Document Source: CORE
Document Unique ID: 00
Drafter: 9:MTANNER
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: N750005-0254
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 2
Legacy Key: link1975/newtext/t19751041/aaaabkuv.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NODS
Original Classification: SECRET
Original Handling Restrictions: NODIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: NODIS
Reference: 75 STATE 248235, 75 MOSCOW 14954, 75 STATE 245190
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by ShawDG>; APPROVED <07 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: LOCK1
Status: NATIVE
Subject: GRAIN/OIL NEGOTIATIONS
TAGS: ETRD, EEWT, UR, US
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006